
USDA/Food Distribution

Project No. 10

Project No. 10: Guaranteed Return

State Partner: Maryland

Industry Partners: Pierre Foods

Scope: The State of Maryland will process their School Year 2001-2002 coarse grind beef orders diverted to Pierre under the GR pilot. In SY 2000/2001 products produced for Maryland were charbroiled beef patties and teriyaki strips. These items will be processed under the pilot in SY2002.

Background: Currently processors for meat and poultry are required to commit to a minimum guaranteed return, with full expectation that the actual production will exceed the guaranteed minimum. This requirement holds the processor accountable for a minimum amount of finished product to be provided to school districts and typically results in schools receiving an uncertain quantity of processed product back from a given amount of donated food. The intent of the pilot is to explore how a guaranteed return could eliminate the uncertainty of the current system.

Project Description: The processor would determine the "guaranteed return" in the same way that they establish the guaranteed minimum return. However, the Guaranteed Return would be closer to the average return of cooked for raw material rather than the minimum and would eliminate excess product. Finished cases would be delivered to districts based on the Guaranteed Return.

Extra products would be "banked" until the next production run of the same product. Monthly Performance Reports (MPR) would document the product shipped as current and record "banked" cases. Banked cases would be used to make up production runs that fell short of the Guaranteed Return. All shortages and overages would be tracked on the MPR.

At the end of the year, extra-banked product would not count against the school entitlement and would be sold to schools in that state at the fee for service. The pilot partners would develop a revised MPR to track overages and shortages and "banked" products. The higher guaranteed return coupled with the use of overages to offset the shortages should result in a minimum of excess product remaining at the end of the year.

Status: This school year, the processor and the State of Maryland have been collecting baseline data on the production runs to establish the Guaranteed Return and they are developing the revised MPR.

Findings thus far: This is a work in progress and the partners are currently developing procedures to establish the return and procedures to handle over/shorts.

Contact Parties for further information:

State DA: Sandy Fisher

Maryland State Department of Child Nutrition

Sfisher@msde.state.md.us

Industry Rep:

Jean Harris, Pierre Foods

Maryjean@bellsouth.net

AMS lead:

Larry Meadows, Chief

Grading and Compliance Branch, Livestock Division

Larry.meadows@usda.gov

Revised: 04/10/01